

Ethical Dilemma at Workplace - A Case Study

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Abstract

Every organization is governed by their own set of guidelines for work related behavior of their employees. Though variously named let us call them as conduct, discipline and appeal (CDA) rules. This will generally cover up to a level below the board level. Any breach/ deviation in the actual conduct from the stated guidelines/rules can lead to imputing the employee. This may lead to show cause/charge sheet/seeking explanation etc depending upon the severity of breach/deviation.

The company will constitute a court of enquiry by appointing an inquiry officer to go into the causes, motivation, moral turpitude of the imputed, implication of findings on the organization and sometimes the impact of fall out of the decision based on the inquiry report. The competent authority (mostly board member) will decide on the quantum of punishment if found guilty or exoneration of the employee if proven innocent. Sometimes such cases may implicate the innocent and also get punished but that is done to show the other employees that there is strict adherence to CDA rules.

While guilty is punished for the actions there is no ethical dilemma. If the innocent is punished for actions resulting from extraneous factors beyond his control merely based on the fact that company suffered loss, there arises dissonance. This dissonance in mind of the next superior puts him into ethical dilemma. He has little choice and has to accept the decision of the management. The case study deals with such a situation based on author's personal experience in Visakhapatnam Steel plant during his tenure as head of ferro alloys stores.

Introduction:

Every organization is governed by their own set of guidelines for work related behavior of their employees. Though variously named let us call them as conduct, discipline and appeal (CDA) rules. This will generally cover up to a level below the board level. Any breach/ deviation in the

actual conduct from the stated guidelines/rules can lead to imputing the employee. This may lead to show cause/charge sheet/seeking explanation etc depending upon the severity of breach/deviation. As per the transparency and equality principle of corporate governance, the imputed employee should be given unhindered access to

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documents, assistance of co employee in the proceedings and sufficient time to explain the imputations. These aspects if not taken care can lead to bias in findings which may lead to inaccurate conclusions. In some organizations, mostly owner driven companies explanation is sought orally or through writing and then conclusion is drawn by the owner. These are two extreme alternatives and many organizations fall in between. This case study is based on a departmental inquiry in Visakhapatnam Steel Plant (VSP), where the methodology involved was transparent and the imputed employee was given sufficient time, access to all the records, assistance of co-employee and copy of each day proceedings by the enquiry officer. The inquiry report findings are sent confidentially to the disciplinary authority.

Background:

VSP was set up as a green field project in 80s and has unique distinction of having a captive harbour for receiving raw materials and shipping finished goods. While the major bulk raw materials like iron ore, coal, limestone etc were under the control of production, minor and costly materials required for Steel Melt Shop (SMS) like Ferro alloys and aluminium bars were stored in closed stores. This store named as Ferro Alloy Stores (FAS) was under control of the author, besides other stores like general stores, heavy equipment stores and isotope stores as Head of stores. It was in the year 1993 SMS was commissioned and the required ferroalloys and aluminium bars started coming into stores. The day to day operations like receipts, issue and accounting was done by a team of four persons headed by storekeeper. All the receipts and issues have to be accounted by due weighing at the weighing scale at the FAS. This scale was not yet commissioned. The civil works were completed and weighing system was to arrive from Phillips and hence it was decided to weigh all the receipts at Central Stores Department (CSD) at a round trip distance of 3 km. The issues were accounted by approximating the bag weights as each bag was having net weight printed (in the range of 50kg per bag). After pouring out the contents into furnace there will be no trace of this material as it becomes part of steel and it will improve the strength of steel.

Discovery of Bags:

One day during the rounds by Central Industrial

Security Force (CISF), it was discovered that mounds of ferroalloys bags were lying near the proposed harbour project area. On opening the bags and testing chemically it was found that it contained stones and not Ferro-Manganese (Fe-Mn). Visually dark colored stones look identical to Fe-Mn. CISF reported the matter to our MD and then stores department started the assessment of damage.

Modus Operandi:

The purchase order was placed on Ispat Alloys, Balasore Odisha on delivered basis at VSP stores after pre-dispatch inspection. The practice was- a lot of say 700 tons used to be inspected by our quality team at factory and they will give clearance for dispatch. Each gunny bag used to be sealed with lead wire and seal of VSP inspection. Supplier nominated transporter will carry the material and deliver at FAS. As per order VSP weight is final. Transit time was two days. On the way the drivers will stay for a night at Dhaba and sell the material and similarly printed and sealed bags with stones were replaced.

Taking Advantage:

The drivers will report to FAS and take a weighing request from the stores and go to CSD weighbridge. Once they will take gross weight and come to FAS after unloading the bags with stones at the place as stated above and report to FAS for unloading. After unloading again the truck will go for empty weight. The net weight was coming same with variation of 0.5% which was allowed as per the standard norm. Good part of this clandestine action is that drivers were not unloading contaminated material into our stock.

Remedial Action:

- 1) As per order terms Ispat Alloys became responsible for the short /missing quantities. They replaced the material after prolonged negotiation. In the mean while there was huge mental pressure on the storekeeper and the head of FAS (author) to defend their integrity as many of the VSP employees were not aware of all the facts of the case.
- 2) Management set up court of inquiry by charge sheeting the store keeper with dereliction of duty. In this inquiry the author was made management witness whose role is to defend the charges against

the store keeper. The management at the top management informed him to not show any leniency and present the arguments so that the storekeeper gets maximum punishment.

Ethical Dissonance-An Experience:

Management knew for sure that there is no integrity issue on the part of storekeeper. As for the head of FAS they have given a clear choice – prove the charges against the storekeeper or else management will not take it kindly.

The head of FAS (author) was not convinced on pressing the charges strongly. The main reason being the weighing scale was not commissioned at the FAS. The drivers were taking advantage our system lacuna. Store keeper could have been vigilant to avoid these happenings but he was caught in the game played by drivers.

But management was trying to make a case by saying:

- 1) When the trucks have arrived why randomly bags were not opened and checked?
- 2) Why escort was not sent with the trucks while going for weighing to CSD for both gross and empty?
- 3) These drivers could have arrived at different times during the day and also on different days as they were loaded at different times and days at factory at Balasore. But they used to come as a convoy of 30 trucks instead of 10 trucks per day in the normal course. Why bunching of trucks were ignored?

Conduct of the Inquiry:

During the course of inquiry it was established that the storekeeper was not found guilty. During the course of enquiry no review was made by management regarding the course of inquiry. Inquiry officer was from training department and he was not fully convinced by the arguments related to 3 questions as above and was saying that these were after thoughts. During the course of enquiry it was reported that Dhaba owner was arrested and many items were confiscated like aluminium poles, electric cables and, Ferro alloys. Inquiry officer showed the report where in gaps in system were highlighted which lead to this kind of situation and it was sent to the top management.

Surprising Outcome:

- 1) Storekeeper was punished with a penalty of stoppage of increment for 3 years with cumulative effect.

- 2) The head of FAS (author) was censured with a warning that he should have taken preventive steps to avoid such occurrence in future. (Obviously for not arguing effectively pro management stance – this was orally conveyed). Censure letter in the file denied him promotion that year and he had to resign to join private sector. At that point management went out of the way to convince him to stay and promising promotion in next 6 months because they could not find suitable replacement.

Recommendation:

- 1) The report of inquiry officer should be made available to the charge sheeted employee as per the principle of transparency and equity.
- 2) Disciplinary authority could have studied the impact on the affected employees before announcing the punishment.

Conclusions:

- 1) Ethical dilemma is a difficult situation for the individual as it cannot be solved in a mathematical precision to safe guard your interest and yet follow ethically right choice.
- 2) Management should have taken pragmatic view and exonerated the employees as the FAS was in formation stage and lacked main facility- weighing scale. But they were under pressure to demonstrate their visible action and hide the system gaps. Hence it was a strategic decision.
- 3) Demoralizing effect of decision on affected employee can lead to frustration and finally severance from the organization.

References:

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